

**Consider Operating Reductions to Park Operations due to Reduced Budget**

**Background**

The Governor signed the Environmental Budget Reconciliation Bill, HB 2014, on August 21, 2009. This provides Arizona State Parks with additional operating expenditure authority from the Enhancement Fund, Off Highway Vehicle Recreation Fund, and Land Conservation Fund interest income for an approved total operating budget of \$19.3 million. In addition, per the Parks Board's actions on August 3, 2009 the agency will ask the Joint Legislative Budget Committee to review proposed backfills to swept funds from other agency revenues.

**Current Status**

Staff estimates an operating shortfall of \$1.5 million for FY 2010. Staff continues to aggressively pursue all measures to increase revenues or decrease operating costs, including: active discussions with cities and counties about participation and partnerships to offset operational costs, higher interest earnings through different investment strategies with the Treasurer's Office, and increased park user fees. The latter two issues are on today's agenda for discussion. However, even with Board approval today, enhanced park fees will not be received until the last quarter of FY 2010, which will not significantly impact this fiscal year's budget. Also included on today's Agenda is a proposed lease with the City of Yuma to operate the Quartermaster Depot State Historic Park, which would result in an operational savings to the department. Lastly, the Executive Director needs the ability and support to enter into, amend, and withdraw from operating agreements in order to offset or reduce costs, or enhance revenues while still maintaining facilities as State Parks.

Given that non-salary expenditures already have been severely rationed since the first half of calendar year 2009, the primary area for expense reduction is through elimination of Full Time Equivalent (FTE) positions and their associated salaries and benefits. While the Parks Board has authority to permanently close parks, the Executive Director has authority to make all personnel decisions and operational changes at parks and in programs for management purposes. The reduced operating budget leaves no option but to eliminate programs and reduce operations at parks.

Approximately 25-30 (filled) FTE positions must be eliminated to meet the FY 2010 operating budget. The Parks Board's stated priority is to keep State Parks open and operating. Therefore, the agency has identified approximately 17 FTE positions in the Phoenix office and in statewide programs for elimination. The agency has submitted a confidential reduction-in-force proposal to the Arizona Department of Administration for approval. This combined Personal Services (PS) and Employee Related Expenses (ERE) reduction is approximately \$1 million.

The department must reduce an additional \$400,000 (approximately 8 FTE positions) from PS and ERE at our parks to meet the \$19.3 million operating budget. Remaining reductions will come from non-salary expenditures.

	<b>FY 2010 PS &amp; ERE Expenses</b>	<b>Proposed PS &amp; ERE Reduction</b>	<b>% Reduction</b>	<b>Beginning FY 2010 FTEs Budgeted</b>	<b>Proposed Permanent FTE Reduction</b>	<b>% of FTEs Reduced</b>
<b>Phoenix Office &amp; Statewide Programs</b>	\$6.0M	\$1.0M	16.7%	113.0	17.0	15.0%
<b>Parks</b>	\$8.8M	\$0.4M	4.5%	224.3	8.0	3.6%
<b>Totals</b>	<b>\$14.8M</b>	<b>\$1.4M</b>	<b>9.5%</b>	<b>337.3</b>	<b>25.0</b>	<b>7.4%</b>

Overall, these proposed actions would reduce agency payroll expenses by 9.5% and 7.4% from the FTE position total. The Phoenix office and statewide programs will take a proportionally larger budget reduction in line with the Board's direction to continue to support park operations.

#### **Park Operations Proposed Reductions**

Please see attachment for detail by park. Staff recommends these operating adjustments take effect October 1, 2009.

Park Operations Proposed Reductions - \$400,000 (approx. 8 FTE positions)

Following the Parks Board's discussion at the August 3, 2009 meeting, the staff recommendation on reduced park operations: 1) aims to affect the least number of visitors, 2) minimizes revenue loss, and 3) assumes that all parks will be open full time in the future thereby avoiding abandoning facilities. The staff recommendation includes a number of strategies, such as: shifting staff among parks throughout the year to meet seasonal demands, reducing available campground sites during non-peak seasons, increasing the number of parks operating on a five-day schedule, working with our partners to offset operational costs at parks, managing open spaces on an on-call basis, and closing some portions of parks for public use.

More specifically, the most significant changes to department operations include closing the campground at Homolovi and reducing the days of operations to 5 days per week, keeping the grounds open at Fort Verde 5 days per week but closing the buildings except for special events, making Oracle available by reservation-only for school trips or special events and closed for general public use, entering into agreement with the City of Yuma to operate Yuma Quartermaster Depot, opening Tonto Natural Bridge 5 days per week when the lodge construction is complete, removing non-salary contributions

at Boyce Thompson Arboretum, and eliminating the majority of staff presence at San Rafael.

These recommendations result in a significant shift in how Arizona State Parks will operate its facilities. There will be less site presence, reduced overall monitoring and maintenance, and fewer staff available to interact with the public due to both the proposed budget reduction and the existing 30% vacancy rate in field staff. Staff will monitor this implementation closely and may recommend additional operational adjustments in the future. Staff will diligently communicate impacts to the agency and the public to the Parks Board.

#### **Staff Recommendations**

Staff recommends that the State Parks Board approve the park operating reductions as proposed; that the Board authorize the Executive Director, or designee, to enter into, amend, and withdraw from operating agreements in order to offset or reduce costs, or enhance revenues; and that the State Parks Board support the Executive Director to make operational changes throughout the year to meet expectations of visitors within the confines of the FY 2010 operational budget.

#### **Recommended Board Action**

I move that the Arizona State Parks Board approve the park operating reductions as proposed; that the Board authorize the Executive Director, or designee, to enter into, amend, and withdraw from operating agreements in order to offset or reduce costs, or enhance revenues; and that the Board support the Executive Director to make operational changes throughout the year to meet expectations of visitors within the confines of the FY 2010 operational budget.

**Proposed Park Board-Approved (September 11, 2009) Operational Changes for FY 2010**

**Alamo Lake State Park**

- Campgrounds will be operated to meet seasonal demands.

**Boyce Thompson Southwestern Arboretum State Park**

- Continue to contribute financial assistance in the form of a Park Manager position, but discontinue non-salary assistance (i.e., utility costs).
- The Parks Board would need to take action to terminate or amend the tripartite agreement with the Board of Regents and Boyce Thompson Southwest Arboretum to further reduce Arizona State Park's financial contributions.
- The Arboretum is expected to maintain current operations.

**Buckskin Mountain State Park**

- Park will continue current park operations.

**Catalina State Park**

- Campgrounds will be operated to meet seasonal demands.

**Cattail Cove State Park**

- Park will continue current park operations.

**Dead Horse Ranch State Park**

- Campgrounds will be operated to meet seasonal demands.

**Fool Hollow Lake Recreation Area**

- Staff will work with its partners to help reduce park operations costs.

**Fort Verde State Historic Park**

- Park will continue to operate 5 days per week.

**Homolovi Ruins State Park**

- Park will close its campground and reduce operations to 5 days per week, day use only.

**Jerome State Historic Park**

- Park continues to be closed due to construction.

**Kartchner Caverns State Park**

- Park will provide Big Room tours beginning October 15, 2009 for 6 months.
- Campgrounds will be operated to meet seasonal demands.

**Lake Havasu State Park**

- Park will continue current park operations.

**Lost Dutchman State Park**

- Park campgrounds will be operated to meet seasonal demands.

**Lyman Lake State Park**

- Park campgrounds will be operated to meet seasonal demands.

**McFarland State Historic Park**

- Park will remain closed due to construction.

**Oracle State Park**

- Park will be closed to the general public, but will be open by reservation only to school groups and for special events.
- Park will rely on volunteers to lead educational program.

**Patagonia Lake State Park**

- Park campgrounds will be operated to meet seasonal demands.

**Picacho Peak State Park**

- Park campgrounds will be operated to meet seasonal demands.

**Red Rock State Park**

- Park will reduce operations to 5 days per week from November through January.
- Park will resume a 7 days per week operation February through October.
- Education programming will be severely restricted and dependent on available volunteers.

**Riordan Mansion State Historic Park**

- Park will reduce operations to 5 days per week from October through March.
- Park will return to a 7 days per week operation from April through September.

**Roper Lake State Park**

- Park will reduce staff and resources at the Dankworth Pond unit and redirect these resources to the Roper Lake unit.
- Staff will respond to calls for service at Dankworth Pond, but will not provide a regular presence.

**San Rafael Natural Area State Park**

- Park will continue to be closed to the public and will have reduced staff presence.
- Reduced staff presence will add risk to the resource due to its remoteness and proximity to the international border.

**Slide Rock State Park**

- Park will reduce operations to 5 days per week from November through January.
- Park will resume a 7 days per week operation from February through October.

**Sonoita Creek State Natural Area**

- Park staff and resources will be redirected to Patagonia Lake.
- Staff will respond to calls for service along Sonoita Creek and reduce its active management.
- The Sonoita Creek Visitor Center will only be open on weekends and holidays.

**Tombstone Courthouse State Historic Park**

- Park will continue to operate 5 days per week.

**Tonto Natural Bridge State Park**

- Park will be open 5 days per week after the Lodge construction is complete this fall.
- The City of Payson has committed to providing partial funding for a Park Ranger Specialist to assist staff during the high visitation season.

**Tubac Presidio State Historic Park**

- Park will continue to operate 5 days per week.

**Verde River Greenway State Natural Area**

- Park staff and resources will be redirected to Dead Horse Ranch State Park.
- Park staff will respond to calls for service along the Verde River Greenway.
- Staff will rely on local partners and volunteers to patrol the Greenway.

**Yuma Prison State Historic Park**

- Park will continue 5 days per week operation May through October.
- Park will operate 7 days per week from November through April.

**Yuma Quartermaster Depot State Historic Park**

- Park may be operated by the City of Yuma pursuant to the approval of lease with the City.

These are the initial changes needed to reduce standard park operations to meet current budget reductions and vacancy rates. The Executive Director may make one-time exceptions to these hours for special events. Staff will need to assess these changes over the year and make necessary adjustments to meet the needs of the resource, visitors and staff.